

VZCZCXRO1677
PP RUEHFL RUEHNP
DE RUEHRO #0337/01 0510830
ZNR UUUUU ZZH
P 200830Z FEB 07
FM AMEMBASSY ROME
TO RUEHC/SECSTATE WASHDC PRIORITY 7224
INFO RUEHFL/AMCONSUL FLORENCE PRIORITY 2173
RUEHMIL/AMCONSUL MILAN PRIORITY 8362
RUEHNP/AMCONSUL NAPLES PRIORITY 2323
RUEHC/DEPT OF LABOR WASHDC PRIORITY
RUEHBS/USEU BRUSSELS PRIORITY 4485
RUCPDO/USDOC WASHDC PRIORITY
RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY
RUEAHL/DEPT OF HOMELAND SECURITY WASHINGTON DC PRIORITY

UNCLAS SECTION 01 OF 02 ROME 000337

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E.O. 12958: N/A
TAGS: [ECON](#) [ETRD](#) [IT](#) [KIPR](#) [LAB](#) [PGOV](#)
SUBJECT: ITALIAN UNION ENDORSES IPR PROTECTION

REF: A. 06 ROME 3334
[1](#)B. 06 ROME 2428
[1](#)C. 06 ROME 1858
[1](#)D. 05 ROME 4046
[1](#)E. 05 ROME 1569

SUMMARY

[1](#)1. (SBU) CGIL (Confederazione Generale Italiana del Lavoro), Italy's largest and furthest-left-leaning union confederation, hosted a roundtable conference on combating counterfeiting and protecting Intellectual Property Rights (IPR) January 23 in Naples. Perhaps the first large public pro-IPR union event, the conference featured a broad spectrum of panelists discussing IPR in Italy. The CGIL program's organizer stated that her attendance at Mission Italy's IPR conference in November 2006 had directly influenced this roundtable. Most notably, in his closing remarks, the Secretary General of CGIL explicitly called for effective law

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enforcement to deter to IPR violations in Italy. END SUMMARY.

NEW UNION AWARENESS

[1](#)2. (U) With over 5.5 million members in fields as diverse as textiles and aviation, CGIL has traditionally been an influential voice on the left of the Italian political continuum. Further, until recently, Italian unions had considered IPR protection as necessary just to protect corporate profits. However, Chinese competition for manufacturing jobs, and a rising awareness of IPR as the basis for continued economic growth (and therefore jobs) in western knowledge-based societies, has heightened union sensitivity. By sponsoring this event, the union signals that a large and important sector of Italian society has a new and keen interest in IPR.

INFLUENTIAL PANELISTS

13. (U) High-level speakers included Minister of Labor Cesare Damiano; Confindustria Vice President (Italian large-industry association) Alberto Bombassei; Naples (governmental) Region President Antonio Bassolino; Vice President of the National Association of Chinese Textile Companies Xu Kunyan; President of Italian Fashion Industry Association SMI-ATI Paolo Zegna; and Secretary General of CGIL Guglielmo Epifani. This cross-section of senior officials from national and foreign organizations indicates CGIL's recognition of IPR's impact on many sectors in the Italian economy.

MISSION OUTREACH TO UNIONS ON IPR

14. (SBU) Valeria Fedeli, the organizer of the IPR roundtable, is Secretary General of FILTEA (CGIL's fashion and textile manufacturing arm). Corriere della Sera cited Fedeli last month as one of Italy's most influential women; she is known for looking beyond traditional union positions to craft successful compromises with employers. ECOMIN met with her in December 2006 to discuss possible areas of cooperation on IPR between CGIL and USG. At the meeting she agreed with ECOMIN that highly-developed, knowledge-based economies, such as those in western Europe and the United States, can no longer depend on industrial production for economic growth and new jobs. She also said that attending Mission Italy's "Building a Culture of IPR Legality" in November 2006 influenced her as she developed CGIL's IPR event.

15. (U) In her presentation at the conference, Fedeli

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comprehensively reviewed the challenge piracy and counterfeiting pose to Italy, emphasizing their social and economic costs. She calculated damage to the Italian economy at 4-7 billion Euros per year, and a loss of as many as 40,000 legal jobs over the past ten years. In her estimation, tax evasion by pirates/counterfeiters in Italy amounts to eight percent of total tax revenues. Further, she noted that businesses and consumers suffer, as pirated products damage brand image; entrepreneurs reduce investment in innovation, research, and new product development in Italy; and low quality and potentially hazardous fakes threaten consumer safety.

16. (U) Fedeli also said in her remarks that the Italian government and Italian citizens do not understand IPR and its economic and social implications. For this reason, she called for a widespread public sensitization campaign, greater transparency by legal retailers who may sell fakes alongside legitimate products, and revitalized enforcement to prosecute and sentence IPR offenders. (COMMENT: Many of her prescriptions echo those post has made in our public outreach. END COMMENT).

SENIOR UNION SUPPORT FOR IPR

17. (U) The other speakers elaborated on her comments. However, CGIL Secretary General Epifani provided the day's most intriguing remark: while one can sympathize with the plight of poor immigrants selling counterfeit goods on streets, one cannot tolerate the illegality of counterfeiting in any of its manifestations, and one must counteract them effectively. (COMMENT: Epifani's support for vigorous enforcement of IPR laws is unprecedented for a senior union leader and an avowed leftist. END COMMENT).

COMMENT

18. (U) Fedeli's participation and vocal support for effective action against piracy at our IPR conference in November was a first step to developing a successful anti-piracy collaboration with unions. However, the CGIL roundtable confirmed that unions as a whole are coming to realize IPR violations menace the legal labor market and that unions realize they must join the efforts to combat piracy and counterfeiting. Epifani's coup de theatre (see para 7 above) is an important turning point in building society-wide consensus to support effective IPR protection in Italy. Embassy will continue to engage CGIL and other unions to build on the momentum this large union roundtable gives to our efforts. END COMMENT.
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